

STATE OF NORTH DAKOTA
SECURITIES DEPARTMENT

In the Matter of North Dakota)	
Developments LLC, a Delaware)	CEASE AND DESIST ORDER
limited liability company, Robert Lee)	AND
Gavin, and Daniel John Hogan,)	NOTICE OF RIGHT TO
Respondents.)	REQUEST A HEARING

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THE SECURITIES COMMISSIONER OF THE STATE OF NORTH DAKOTA TO THE ABOVE-NAMED RESPONDENTS:

The North Dakota Securities Commissioner has a reasonable basis to believe that the Respondents have engaged in, are engaging in, or are about to engage in, acts, practices or transactions, as more fully described below, which are prohibited under Chapter 10-04 of the North Dakota Century Code (N.D.C.C.). It is necessary and appropriate in the public interest and for the protection of investors to restrain these acts, practices, or transactions of the Respondents.

1. Respondent, North Dakota Developments LLC, (“NDD”) is a Delaware limited liability company with its principal office at 5072 Bennett Loop, Suite 300, Williston, North Dakota. NDD’s controlling officers and directors are Respondent, Robert Lee Gavin, (“Gavin”) and Respondent, Daniel John Hogan, (“Hogan”).
2. Respondent Gavin is a resident of Kuala Lumpur, Malaysia, and maintains offices there, in Milton Keynes, Buckinghamshire, United Kingdom, and in Williston, North Dakota. Gavin is a managing member of NDD and is its Chief Executive Officer.

3. Respondent Hogan is a resident of Milton Keynes, Buckinghamshire, United Kingdom, and maintains offices there, and in Williston, North Dakota. Hogan is a managing member of NDD and is its Chief Operating Officer.
4. Commencing in 2012, Respondents, both directly and through commissioned sales agents, offered for sale and sold investments to hundreds of investors in various states in the United States and in foreign countries around the world. These investments were in the form of Land Lease and Management Agreements and membership units in six commercial housing developments for workers in the Bakken oil field region of western North Dakota and eastern Montana. They include the Great American Lodge Watford West, Great American Lodge Watford East (a/k/a McKenzie Crossing), Great American Lodge Montana (Culbertson, MT), Transhudson Hotel (Parshall, ND), Transhudson Apartments Williston Heights, and Bakken Base Camp (Alexander, ND).
5. These investment contracts and membership units offered for sale and sold to the investors by Respondents are securities as defined in N.D.C.C. §10-04-02(19).
6. The Respondents made these offerings through general advertising, including an internet website, print and online advertisements, email solicitations, seminars, direct in-person solicitations, conference calls, videos, and flyers. The Respondents also utilized sales agents who were provided marketing materials and who were paid commissions of at least

10% of the amount invested and up to 20%. The NDD securities offered and sold included sales to unaccredited and unsophisticated investors in the United States and none of the offerings were registered with the Securities and Exchange Commission or any state securities regulator, including the North Dakota Securities Department. None of the sales were made by or through a broker-dealer or agent registered in accordance with N.D.C.C. §10-04-10. Therefore, some of the sales made by Respondents were in violation of N.D.C.C. § 10-04-04 and N.D.C.C. § 10-04-10.

7. The offering materials contained misrepresentations and failed to disclose material facts, necessary to make the statements made in the offering documents, in light of the circumstances under which they were made, not misleading:
 - a. That potential investors should expect an annual return of up to 42% in the first year of the project based on the “success” of the initial project when Watford West was incomplete and operating at a loss.
 - b. That investors could elect the option of receiving a “guaranteed” annual return of 20 to 25% of the amount of their investment, regardless of the actual rental income generated by the project, when Respondents knew that occupancy at Watford West was low, at reduced rates from those projected, and there was not sufficient funds available to complete the projects, let alone pay investors returns.
 - c. That returns being paid to early investors in NDD projects and a “rebate” program for investors whose projects were not operational when

promised were actually Ponzi-like payments from funds invested by investors in later NDD projects rather than NDD projects' profits.

d. That instead of using all of the investors' funds to develop the individual projects identified in the respective investment contracts, Respondents were using the funds to pay undisclosed commissions to unregistered agents, direct payments to Gavin and Hogan, payments for Gavin and Hogan's personal expenses, investments in unrelated projects for the personal benefit of Gavin and Hogan, and otherwise misappropriating and co-mingling investor funds.

8. This information would be material to a reasonable purchaser of securities in determining whether to do business with the offeror. These failures to disclose material information in connection with the offer to sell a security constitute fraudulent practices in violation of N.D.C.C. § 10-04-15(2).
9. Pursuant to N.D.C.C. § 10-04-16(1), when it shall appear to the Commissioner that any person has engaged in, or is engaging in, or is about to engage in any act or practice which is declared in violation of Chapter 10-04 of the North Dakota Century Code, the Securities Commissioner has the authority to issue any order, including an Order that a person Cease and Desist from violations of the Securities Act, which the Commissioner deems necessary or appropriate in the public interest or for the protection of investors. The violations described above are sufficient grounds for the Commissioner to issue a Cease and Desist Order against

the Respondents from engaging in fraudulent practices in connection with the offer and sale of securities in the state of North Dakota.

10. This Order is issued in the public interest and for the protection of investors.

NOW, THEREFORE, IT IS ORDERED, pursuant to N.D.C.C. § 10-04-16, that the Respondents shall immediately **CEASE AND DESIST**:

1. From offering for sale or selling in North Dakota the subject securities, or any other securities however denominated, unless and until such securities have been registered with the Securities Department or are exempt from registration.
2. From offering for sale or selling securities, or effecting transactions in securities, in North Dakota unless and until they have registered with the Securities Commissioner as broker-dealers or agents or are exempt from registration.
3. From using material misstatements or omissions, engaging in a scheme or artifice to defraud investors, or from engaging in any fraudulent or deceptive practices, in connection with the offer and/or sale of securities in this state.

This order does not prohibit the offer or sale of securities through exempt securities transactions under N.D.C.C. § 10-04-06, nor does it prohibit registered broker-dealers and agents from offering or selling exempt securities under N.D.C.C. § 10-04-05 or federal covered securities offered pursuant to a notice filing made to the Securities Department pursuant to N.D.C.C. § 10-04-08.4.

YOU ARE NOTIFIED that any willful violation of this order is a Class B Felony pursuant to N.D.C.C. § 10-04-18(1). Pursuant to N.D.C.C. § 12.1-32-

01(3), a Class B Felony is punishable by a \$10,000 fine and 10 years' imprisonment, with respect to a natural person. Pursuant to N.D.C.C. § 12.1-32-01.1(2), a Class B Felony is punishable by a \$35,000 fine with respect to an organization.

YOU ARE FURTHER NOTIFIED that, pursuant to N.D.C.C. § 12.1-09-03, a person is guilty of a criminal offense if that person intentionally "alters, destroys, mutilates, conceals, or removes a record, document, or thing with intent to impair its verity or availability" in an official proceeding. As such, intentional destruction of any documents related to this matter may result in criminal prosecution.

NOTICE OF RIGHT TO REQUEST A HEARING

YOU ARE NOTIFIED that pursuant to N.D.C.C. § 10-04-12 you may request a hearing before the Securities Commissioner if such a request is made in writing WITHIN FIFTEEN (15) DAYS AFTER THE RECEIPT OF THIS ORDER. The Respondents have the right to be represented by legal counsel at the hearing.

IN TESTIMONY WHEREOF, witness my hand and seal this 5th day of May, 2015.




Karen J. Tyler, Securities Commissioner
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